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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
Of the Franchise Investment Protection Act by:

Mitchell Shook, dba The Spotted Cow,

Respondent.

SDO - 06 - 00

CONSENT ORDER AND ORDER VACATING
SDO 77-99

Case No. 99-11-0350

THE STATE OF WASHINGTON TO: Mitchell Shook
dba, The Spotted Cow

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, and respondent, Mitchell Shook, dba The Spotted Cow, do hereby agree to this Consent Order in settlement of the matters set forth in SDO 77-99 and alleged herein.

TENTATIVE FINDINGS OF FACT

I.

Mitchell Shook, doing business as (dba) The Spotted Cow, has as his principal place of business 9910 233rd Ave. E., Buckley, Washington.

II.

From April 1998 through November 1999, Mitchell Shook, offered to Washington residents (the franchisees) a “food service store” franchise involving a restaurant named The Spotted Cow. Mitchell Shook sold a Spotted Cow franchise in April of 1998. Under the terms of the franchise agreement, the franchisees

CONSENT ORDER
AND ORDER VACATING SDO 77-99

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

The Spotted Cow

1 were given the right to engage in the business of selling goods in an exclusive territory, under a marketing plan
2 prescribed by Mitchell Shook (the franchisor). The agreement reserved the franchisor's right, among other
3 things, to establish specifications and standards for quality, methods of service, cleanliness, maintenance,
4 production, merchandising and advertising for the restaurant. In addition, the franchisees agreed to be trained
5 by the franchisor, be guided by the franchisor's operating manuals, and to consult with the franchisor
6 periodically during the operation of the business. The franchisor granted the franchisees a license to use the
7 name "Spotted Cow" in connection with the operation of the franchise restaurant. Upon execution of the
8 agreement, the franchisees also agreed to pay the franchisor a nonrefundable franchise fee of \$995, 5% in gross
9 sales per week for royalties, and 1% in gross sales per week for advertising to be done by the franchisor. In
10 connection with the sale of The Spotted Cow franchise, Mitchell Shook failed to provide the franchisees with
11 material information regarding the franchise, including a Uniform Franchise Offering Circular (UFOC) and
12 financial statements of the franchisor. The offer and sale of the franchise was directed by Mitchell Shook in the
13 state of Washington, and received and accepted by the franchisees in the state of Washington.

14 III.

15 Mitchell Shook, dba The Spotted Cow, is not currently registered to sell its franchises in the state of
16 Washington and has not previously been so registered. Nor has Mitchell Shook, dba The Spotted Cow, filed a
17 notice of claim of exemption.

18 CONCLUSIONS OF LAW

19 I.

20 The offer and/or sale of the program described above constituted the offer and/or sale of a franchise as
21 defined in RCW 19.100.010(16) and RCW 19.100.010(4).

22 II.

23 The offer and/or sale of said franchises is in violation of RCW 19.100.020 because no registration for such
24 offer and/or sale was on file with the Securities Administrator of the State of Washington.

III.

The offer and/or sale of said franchises were in violation of RCW 19.100.170 because Mitchell Shook failed to provide franchisees with a UFOC and financial statements of the franchisor.

ORDER AND CONSENT

The Securities Division and Mitchell Shook, dba The Spotted Cow, have agreed upon a basis for resolution of the matters alleged and concluded herein and in SDO 77-99. Mitchell Shook, dba The Spotted Cow, agrees to the entry of this Consent Order pursuant to the Franchise Investment Protection Act of Washington without admitting or denying the Securities Division's allegations and conclusions. Mitchell Shook, dba The Spotted Cow, agrees to the jurisdiction of the Securities Division to enter this order.

Based on the premises of the foregoing:

IT IS THEREFORE AGREED AND ORDERED that Mitchell Shook, dba The Spotted Cow, and his agents and employees, each shall cease and desist from the offer and sell of unregistered franchises in the State of Washington in violation of RCW 19.100.020.

IT IS THEREFORE AGREED AND ORDERED that Mitchell Shook, dba The Spotted Cow, inform all of his current Washington franchisees of the existence and contents of this Order.

IT IS THEREFORE AGREED AND ORDERED that Mitchell Shook, dba The Spotted Cow, shall inform all employees and agents who offer franchises in this State of the existence and contents of this Order.

IT IS THEREFORE AGREED AND ORDERED that Mitchell Shook, dba The Spotted Cow, shall reimburse the Securities Division \$ 400 for its costs incurred in its investigation of this matter.

In consideration of the foregoing, Mitchell Shook, dba The Spotted Cow, withdraws his request for a hearing and waives his right to a hearing in this matter, and the Securities Division hereby vacates the Summary Order to Cease and Desist SDO 77-99 as to Mitchell Shook, dba The Spotted Cow.

1 DATED this _____ day of January, 2000.

2
3 _____
4 Mitchell Shook, dba The Spotted Cow

5 _____
6 (Print Name)
7

8 -----
9 **THIS ORDER ENTERED THIS _____ DAY OF JANUARY, 2000 BY:**

10
11 _____
12 DEBORAH R. BORTNER
13 Securities Administrator

14 Approved for entry by:

15 _____
16 Michael E. Stevenson
17 Chief of Compliance

18 Presented by:

19 _____
20 Chad Standifer
21 Securities Examiner
22
23
24

25 CONSENT ORDER
26 AND ORDER VACATING SDO 77-99

27 The Spotted Cow